INSTITUTIONAL RESEARCH

HSIE Results Daily

Contents

Results Reviews

- **ICICI Prudential Life:** ICICI Prudential Life (IPRU) clocked strong APE growth (+27% YoY) slightly above our estimates, while the VNB growth was modest (+9% YoY) and below our estimates for 9MFY25. The VNB margins further witnessed steep collapse to 22.8% (-390bps YoY) on the back of a ULIP-heavy mix. We believe that IPRU's re-engineered business strategy, which prioritises headline growth over product mix, will drive the growth trajectory of the VNB with muted expansion in VNB/APE margins going forward. We maintain our FY25E/FY26E APE growth forecasts (~25%/18%), however due to inferior product mix reduce our FY25E/FY26E VNB margins to 23.0%/23.2%. We expect APE/VNB to clock 19%/17% CAGR over FY24-27E and retain our ADD rating with a reduced target price of INR735 (1.8x Sept-26E EV).
- **Oberoi Realty:** Oberoi Realty (ORL) registered presales of INR 19.2bn (+144%/+33% YoY/QoQ); it was largely backed by sales from its new launch Jardin, which accounted for 70% of total sales, followed by Elysian and 360W. A weak print was largely due to delays in finalization/closure of deal for its uber-luxury project 360W where ORL managed to sell 2 units (vs 6/1units in Q2FY25/Q3FY24; 9MFY25 :14 units). However, we believe that the company will likely be able to sell its inventory over the next 24-30 months. The average price realization (ASP) was at INR 29.5k psf (-2%/-45% YoY/QoQ), largely due to lower ticket size sales coming from Jardin. Additionally, ORL is likely to push its launch of the final phase of its Borivali project to Q1FY26 (vs Q4FY25 earlier). Borivali Mall is expected to start its operation by Feb-25, with a leasing occupancy of >80%. Moreover, ORL has secured 81acres of land in Alibaug through a joint development agreement (JDA). The project is planned to feature a blend of high-end luxury offerings, including a 0.3msf hotel and 1.3msf of villa developments. Regarding recent business development in Tardeo, Gurgaon, and Adarsh Nagar, ORL plans to launch these projects by Q2FY26/Q3FY26. Given the expected robust cash flows from ready-to-move-in inventory in 360W and fundraise of INR 60bn, we remain constructive on ORL and maintain BUY, with NAV-based TP to INR 2,302/sh.
- **Multi Commodity Exchange:** MCX reported a revenue growth of 5.5% QoQ following two quarters of very strong growth (~25% QoQ). The options premium was up 6% QoQ in a seasonally weak quarter. The volume built up in Jan-25 is strong, and the options ADTV is up ~20% QoQ. The revenue growth of 5.5% QoQ was led by a 6% QoQ increase in options, offset by seasonally weak futures revenue. The commentary of the new MD and CEO was encouraging, emphasizing a strategic focus on technology, compliance, and new product development. The timeline for the launch of new products is not very clear, and the exchange is awaiting regulatory approval. There is no challenge on the technological front in rolling out the new products. The key products, like weekly options and index options, will trigger the next phase of growth for the exchange and remain an optionality. We remain positive on the MCX growth story as there is enough scope for product innovation, market development, and improving retail and institutional participation. MCX has a total SGF of INR 8.96bn and made a voluntary contribution of INR 0.13bn in the quarter. The EBITDA margin expanded 140 bps QoQ to 70.2%, despite higher AMC costs, thanks to effective cost control

HSIE Research Team
hdfcsec-research@hdfcsec.com

measures. We cut our revenue and EPS estimates by ~2-4% to factor in a slight delay in new product launches. We maintain our BUY rating with a target price of INR 6,850, based on a 40x FY27E core PAT + net cash ex SGF.

- **PNB Housing Finance:** PNBHF's Q3FY25 earnings were ahead of our estimates, largely due to lower opex and lower provisioning. Loan growth improved further to +15.4% YoY, driven by retail loans (+17.5% YoY), ahead of guidance of 17% growth in retail loans for FY25, despite several state-specific issues during 9MFY25. PNBHF has pivoted towards higher yielding loans across segments to drive superior profitability, through significant investments in distribution for affordable and emerging segments, and shift towards non-home loans (LAPs, etc.) in the prime segment. Credit costs remain subdued (-20bps) due to recoveries from the written-off pool and a reduction in provisioning ratios and are likely to remain muted throughout FY25. We revise our earnings estimates for FY25E/FY26E by 3.7%/-0.6%, primarily due to lower credit costs, partially offset by slower overall loan growth. We maintain our ADD rating with a revised RI-based TP of INR980 (implying 1.3x Sep-26 ABVPS).

- **IndiaMART InterMESH:** IndiaMART delivered revenue growth of +1.9/16% QoQ/YoY, led by growth in blended ARPU. The revenue growth was led by ARPU growth (+3.5% QoQ); however, net paid supplier additions declined by ~ 4k, leading to a 1.8% QoQ decline in net paid subscriber base, the lowest since FY17. The churn in the silver monthly customer bucket has led to volume decline and slowed growth in cash collections (+9% YoY vs average of ~20-25%). The strong ARPU growth of ~22% YoY in top 1/top 10 percent customers and lower churn in platinum/gold customers is sustaining revenue growth. The company is trying to address the decline in net additions by 1) focusing on in-house sales engine to stop any mis-selling; 2) enhancing the quality of inquiries for sellers; 3) identifying high-churn segments and fixing them; (4) focusing on gross additions; and (5) improving renewal rates. It expects churn to stabilise in the next few quarters, leading to a recovery in paid supplier additions. The EBITDA margins improved to ~39% due to lower investments in the sales channel. We expect the margin to stabilise at ~30-35% once growth resumes. We maintain our revenue estimate but have cut our EPS estimates for FY26/27E by 3-5% as higher investments will be required to boost growth. We maintain BUY with a DCF-based TP of INR 2,730 (~29x FY27E EPS), led by revenue/EPS CAGR of 17/20% over FY24-27E.

ICICI Prudential Life

Margin continues to tumble further

ICICI Prudential Life (IPRU) clocked strong APE growth (+27% YoY) slightly above our estimates, while the VNB growth was modest (+9% YoY) and below our estimates for 9MFY25. The VNB margins further witnessed steep collapse to 22.8% (-390bps YoY) on the back of a ULIP-heavy mix. We believe that IPRU's re-engineered business strategy, which prioritises headline growth over product mix, will drive the growth trajectory of the VNB with muted expansion in VNB/APE margins going forward. We maintain our FY25E/FY26E APE growth forecasts (~25%/18%), however due to inferior product mix reduce our FY25E/FY26E VNB margins to 23.0%/23.2%. We expect APE/VNB to clock 19%/17% CAGR over FY24-27E and retain our ADD rating with a reduced target price of INR735 (1.8x Sept-26E EV).

- **Inferior product mix eats upon benefit of operational leverage**: During 9MFY25 IPRU continued strong retail APE growth (+27% YoY) on the back of a pick-up across channels, driven by growth in ATS (+18%) while low margin group fund business grown disproportionately (+70% YoY) in 9MFY25. ULIP business continued to grow sharply (+50% YoY) leading to a drag on margins despite seasonality impact in the Q3FY25. Our analysis suggests that growth in ULIP sales is driven by IPRU's low-charge ULIP products with trail-based commissions.
- **IPRU poised to post lowest VNB Margins**: Given growth at all cost mindset we believe IPRU is unlikely to post any material VNB margin expansion in FY25E-FY27E. IPRU life which used to one of the highest profitable franchise due to its focus on driving more balanced mix is now highly tilted towards easy to sell ULIP's (9MFY25 61% vs 52% in 9MFY24). We believe without any interventions to drive more profitable product mix VNB margins are unlikely to witness any meaningful expansion.
- **Maintain ADD:** Our forecasts continue to build a ULIP-heavy product mix (>60% contribution in retail) and consequent bottoming out of full-year VNB margins at 23% during FY25E. We retain ADD with a reduced target price of INR735(1.8x Sept-26E EV).

Financial summary

Particulars	9MFY24	9MFY25	%Δ	FY24A	FY25E	FY26E	FY27E
NB	119.6	156.1	30.5	186.8	214.6	243.2	272.3
APE	54.3	69.1	27.2	90.5	112.9	133.2	154.0
VNB	14.5	15.8	8.5	22.3	26.0	31.0	36.0
VNB Margin	26.7%	22.8%	-391bps	24.6%	23.0%	23.2%	23.4%
EV				423.3	497.9	562.5	636.5
P/EV(X)				2.2	1.8	1.6	1.4
P/VNB(X)				41.3	35.3	29.7	25.5
ROEV%				14.1	13.1	13.1	13.3

Source: Company, HSIE Research

Financial summary

(INR bn)	FY25E			FY26E			FY27E		
	Old	New	%Δ	Old	New	% Δ	Old	New	% Δ
APE	112.9	112.9	-	133.2	133.2	-	154.0	154.0	-
VNB	28.2	26.0	-7.9	33.4	31.0	-7.2	38.6	36.0	-6.9
VNB Margin (%)	25.0%	23.0%	-198bps	25.0%	23.2%	-179bps	25.1%	23.4%	-173bps
EV	500.1	497.9	-0.4	567.2	562.5	-0.8	644.3	636.5	-1.2

Source: Company, HSIE Research

ADD

CMP *(as on 21 Jan 2025)*	INR 636
Target Price	INR 735
NIFTY	23,025

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR825	INR735
VNB	FY25E	FY26E
	-7.9%	-7.2%

KEY STOCK DATA	
Bloomberg code	IPRU IN
No. of Shares (mn)	1,445
MCap (INR bn) / ($ mn)	919/10,608
6m avg traded value (INR mn)	949
52 Week high / low	INR 797/475

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(15.2)	(1.2)	29.4
Relative (%)	(8.7)	4.7	23.2

SHAREHOLDING PATTERN (%)	Sep-24	Dec-24
Promoters	73.1	73.0
FIs & Local MFs	9.3	9.5
FPIs	13.0	12.8
Public & Others	4.7	4.8
Pledged Shares	Nil	Nil

Source : BSE

Pledged shares as % of total shares

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Shobhit Sharma
shobhit.sharma@hdfcsec.com
+91-22-6171-7341

Oberoi Realty

Muted presales a dampener; strong BD a key trigger

Oberoi Realty (ORL) registered presales of INR 19.2bn (+144%/+33% YoY/QoQ); it was largely backed by sales from its new launch Jardin, which accounted for 70% of total sales, followed by Elysian and 360W. A weak print was largely due to delays in finalization/closure of deal for its uber-luxury project 360W where ORL managed to sell 2 units (vs 6/1units in Q2FY25/Q3FY24; 9MFY25 :14 units). However, we believe that the company will likely be able to sell its inventory over the next 24-30 months. The average price realization (ASP) was at INR 29.5k psf (-2%/-45% YoY/QoQ), largely due to lower ticket size sales coming from Jardin. Additionally, ORL is likely to push its launch of the final phase of its Borivali project to Q1FY26 (vs Q4FY25 earlier). Borivali Mall is expected to start its operation by Feb-25, with a leasing occupancy of >80%. Moreover, ORL has secured 81acres of land in Alibaug through a joint development agreement (JDA). The project is planned to feature a blend of high-end luxury offerings, including a 0.3msf hotel and 1.3msf of villa developments. Regarding recent business development in Tardeo, Gurgaon, and Adarsh Nagar, ORL plans to launch these projects by Q2FY26/Q3FY26. Given the expected robust cash flows from ready-to-move-in inventory in 360W and fundraise of INR 60bn, we remain constructive on ORL and maintain BUY, with NAV-based TP to INR 2,302/sh.

- **Q3FY25 financial highlights**: Revenue: INR 14.1bn (+33.9%/+6.1% YoY/QoQ, a miss by 21%). EBITDA was INR 8.5bn (68.1%/+5.2% YoY/QoQ, a miss by 25%). EBITDA margin was 60.7% (+1,233bps/-98bps YoY/QoQ) vs our estimate of 64%. RPAT was INR 6.2bn (71.7%/+4.9%, YoY/QoQ, a miss by 22%). Average price realization (ASP) at INR 29.5k psf (-2%/-45% YoY/QoQ) was largely due to lower volume in 360W and higher sales coming from Jardin, Thane project.
- **Residential pipeline looks robust, capital raise to support further growth:** ORL registered presales of INR 19.2bn (+144%/+33% YoY/QoQ), which were largely backed by sales from its new launch Jardin, which accounted for 70% of total sales, followed by Elysian and 360W. The Mulund project has started gaining traction as the company's received full OC certificate in the quarter and it expects to sell its balance inventory in two years. The developer is experiencing robust leasing momentum across its three office assets, with a potential for achieving full occupancy by FY25-end. Additionally, the Borivali mall, set to commence operations by Feb-25, is projected to reach approximately 90% occupancy by the close of FY25. Moreover, ORL has recently announced a fundraise of INR 60bn via QIP, which signals a large BD project near closure.
- **Balance sheet position comfortable**: The consolidated gross/net debt stood at INR 35.2/1.5bn vs. INR 20.7/2.9bn as of Sept'24, with net D/E at 0.01x (vs. 0.02x as of Sept'24). Net debt was lower due to part utilisation of a recent NCD fundraising of INR 15bn, resulting in a cash balance of INR 34.5bn (INR 18.3bn in Q2FY25). This improved debt position enhances ORL's ability to pursue new projects and growth opportunities while maintaining a stable risk profile.

Consolidated financial summary (INR mn)

YE Mar (INR mn)	3QFY25	3QFY24	YoY	2QFY25	QoQ	FY24	FY25E	FY26E	FY27E
Net Sales	14,111	10,536	33.9%	13,199	6.9%	44,958	51,492	56,447	65,105
EBITDA	8,561	5,094	68.1%	8,138	5.2%	24,099	27,475	30,266	37,677
APAT	6,184	3,602	71.7%	5,894	4.9%	19,266	20,645	22,104	27,008
Diluted EPS (INR)	17	10	71.7%	16	4.9%	53.0	56.8	60.8	74.3
P/E (x)						35.1	33.8	31.6	25.8
EV / EBITDA (x)						28.6	25.8	23.4	18.6
RoE (%)						14.7	14.9	14.7	15.5

Source: Company, HSIE Research

BUY

CMP *(as on 21 Jan, 2025)*	INR 1,858
Target Price	INR 2,302
NIFTY	23,025

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,302	INR 2,302
EPS Change (%)	FY25E	FY26E

KEY STOCK DATA	
Bloomberg code	OBER IN
No. of Shares (mn)	364
MCap (INR bn) / ($ mn)	676/7,802
6m avg traded value (INR mn)	2,251
52 Week high / low	INR 2,350/1,268

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(6.9)	11.2	23.5
Relative (%)	(0.3)	17.1	17.3

SHAREHOLDING PATTERN (%)	Sept-24	Dec-24
Promoters	67.70	67.70
FIs & Local MFs	11.96	20.24
FPIs	18.51	10.06
Public & Others	1.83	2.00
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

Parikshit D Kandpal, CFA
parikshitd.kandpal@hdfcsec.com
+91-22-6171-7317

Jay Shah
jay.Shah1@hdfcsec.com
+91-22-6171-7358

Aditya Sahu
aditya.sahu@hdfcsec.com
+91-22-6171-7338

Multi Commodity Exchange

Steady growth and focus on product innovation

MCX reported a revenue growth of 5.5% QoQ following two quarters of very strong growth (~25% QoQ). The options premium was up 6% QoQ in a seasonally weak quarter. The volume built up in Jan-25 is strong, and the options ADTV is up ~20% QoQ. The revenue growth of 5.5% QoQ was led by a 6% QoQ increase in options, offset by seasonally weak futures revenue. The commentary of the new MD and CEO was encouraging, emphasizing a strategic focus on technology, compliance, and new product development. The timeline for the launch of new products is not very clear, and the exchange is awaiting regulatory approval. There is no challenge on the technological front in rolling out the new products. The key products, like weekly options and index options, will trigger the next phase of growth for the exchange and remain an optionality. We remain positive on the MCX growth story as there is enough scope for product innovation, market development, and improving retail and institutional participation. MCX has a total SGF of INR 8.96bn and made a voluntary contribution of INR 0.13bn in the quarter. The EBITDA margin expanded 140 bps QoQ to 70.2%, despite higher AMC costs, thanks to effective cost control measures. We cut our revenue and EPS estimates by ~2-4% to factor in a slight delay in new product launches. We maintain our BUY rating with a target price of INR 6,850, based on a 40x FY27E core PAT + net cash ex SGF.

- **Q3FY25 highlights**: MCX revenue grew +5.5/57.4% QoQ/YoY to INR 3.01bn (vs our estimate of INR 2.95bn). Options/Futures revenue stood at INR 1.90/0.75bn + 6/-2.3% QoQ and realisation (INR/mn) stood at INR 418/21. Futures ADTV grew 3.8% QoQ to INR 280bn, supported by energy (+26%) and metals (+1%) and offset by decline in bullion (-2.8%). Options notional ADTV was up 5.5% QoQ whereas premium was up 9% QoQ, led by higher premium realization (1.74% vs 1.69%). The total cost was up only 0.8% QoQ despite the CDP AMC cost kicking in the quarter. The higher AMC costs were offset by the withdrawal of premium services. Options notional/premium ADTV stood at INR 2,039/35.57bn and options are now 72% of transaction revenue. Crude/natural gas/bullion contributed 70/22/8% to options volume.
- **Outlook:** We estimate a +18/+53% futures/options premium CAGR over FY24-27E, resulting in +32/39% revenue/APAT CAGRs over FY24-27E. The notional assumptions are INR 1.9/2.6/3.2 trn, options premium assumption is INR 32.63/42.06/49.38bn, and premium realisation is at 1.66/1.58/1.55% for FY25/26/27E.

Quarterly financial summary

YE March (Rs mn)	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ(%)	FY23	FY24	FY25E	FY26E	FY27E
Net Revenues	3,014	1,915	*57.4*	2,856	*5.5*	5,135	6,836	11,413	13,882	15,790
EBITDA	2,117	-35	*NM*	1,966	*7.7*	1,497	1,000	7,809	9,978	11,560
APAT	1,600	-54	*NM*	1,536	*4.2*	1,490	831	5,968	7,654	8,880
Diluted EPS (Rs)	31.4	(1.0)	*NM*	30.1	*4.2*	29.3	16.3	117.0	150.1	174.1
P/E (x)						188.1	337.8	47.0	36.7	31.6
EV / EBITDA (x)						181.9	269.0	34.5	26.8	22.9
RoE (%)						10.3	5.8	40.8	45.7	45.6

Source: Company, HSIE Research, Consolidated Financials

Change in estimates

INR mn	FY25E Old	FY25E Revised	Change %	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %
Revenue	11,208	11,413	*1.8*	14,386	13,882	*-3.5*	16,211	15,790	*-2.6*
EBITDA	7,527	7,809	*3.7*	10,234	9,978	*-2.5*	11,730	11,560	*-1.5*
EBITDA Margin (%)	67.2	68.4	126bps	71.1	71.9	74bps	72.4	73.2	85bps
APAT	5,825	5,968	*2.4*	7,851	7,654	*-2.5*	9,032	8,880	*-1.7*
EPS (Rs)	114.2	117.0	*2.4*	153.9	150.1	*-2.5*	177.1	174.1	*-1.7*

Source: Company, HSIE Research

BUY

CMP ***(as on 21 Jan 2025)***	**INR 5,505**
Target Price	**INR 6,850**
NIFTY	**23,025**

KEY CHANGES	**OLD**	**NEW**
Rating	BUY	BUY
Price Target	INR 6,740	INR 6,850
	FY26E	FY27E
EPS %	-2.5	-1.7

KEY STOCK DATA	
Bloomberg code	MCX IN
No. of Shares (mn)	51
MCap (INR bn) / ($ mn)	281/3,242
6m avg traded value (INR mn)	2,755
52 Week high / low	INR 7,049/2,917

STOCK PERFORMANCE (%)	**3M**	**6M**	**12M**
Absolute (%)	(17.0)	44.0	71.6
Relative (%)	(10.4)	49.9	65.5

SHAREHOLDING PATTERN (%)	**Sep-24**	**Dec-24**
Promoters	0.00	0.00
FIs & Local MFs	57.46	56.26
FPIs	22.07	23.13
Public & Others	20.47	20.61
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

Amit Chandra
amit.chandra@hdfcsec.com
+91-22-6171-7345

Dhananjay Jain
dhananjay.jain@hdfcsec.com
+91-22-6171-7339

PNB Housing Finance

Steady performance

ADD

CMP *(as on 21 Jan 2025)*	**INR 899**
Target Price	**INR 980**
NIFTY	**23,025**

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 970	INR 980
	FY25E	FY26E
EPS %	3.7%	-0.6%

KEY STOCK DATA	
Bloomberg code	PNBHOUSI IN
No. of Shares (mn)	260
MCap (INR bn) / ($ mn)	233/2,696
6m avg traded value (INR mn)	2,658
52 Week high / low	INR 1,202/600

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(1.8)	15.1	3.0
Relative (%)	4.7	21.0	(3.2)

SHAREHOLDING PATTERN (%)	Sep-24	Dec-24
Promoters	28.1	28.1
FIs & Local MFs	22.2	26.9
FPIs	20.4	24.3
Public & Others	29.3	20.7
Pledged Shares	0.0	

Source: BSE

Pledged shares as % of total shares

PNBHF's Q3FY25 earnings were ahead of our estimates, largely due to lower opex and lower provisioning. Loan growth improved further to +15.4% YoY, driven by retail loans (+17.5% YoY), ahead of guidance of 17% growth in retail loans for FY25, despite several state-specific issues during 9MFY25. PNBHF has pivoted towards higher yielding loans across segments to drive superior profitability, through significant investments in distribution for affordable and emerging segments, and shift towards non-home loans (LAPs, etc.) in the prime segment. Credit costs remain subdued (-20bps) due to recoveries from the written-off pool and a reduction in provisioning ratios and are likely to remain muted throughout FY25. We revise our earnings estimates for FY25E/FY26E by 3.7%/-0.6%, primarily due to lower credit costs, partially offset by slower overall loan growth. We maintain our ADD rating with a revised RI-based TP of INR980 (implying 1.3x Sep-26 ABVPS).

- **Steady sequential NIMs, uptick in NII/PPoP growth**: PNBHF's NIMs were broadly steady in Q3, driven by reflation in yields (due to a favourable product mix), driving NII/PPoP growth of 16% YoY. As per management, an increasing share of emerging and affordable segments (38% of disbursements) is likely to drive NIMs reflation during FY26-FY27E. Cost of funds improved marginally due to sanctions from NHB and impact of credit rating upgrades.
- **One-off in early delinquencies; credit costs likely to remain subdued**: Asset quality improved sequentially, with GS-III/NS-III at 1.2%/0.8%, driven by recoveries from written-off accounts (INR 0.5bn) resulting in credit costs of -20bps. However, GS-II increased by 50bps QoQ due to the slippage of one corporate account, which, as per management, is likely to be upgraded to Stage I, going ahead. With a negligible corporate portfolio (~2%), a large written-off pool (~INR17bn), and anticipated recoveries, we expect credit costs to remain subdued throughout FY25E.
- **Risk-on mode for growth; opex intensity key monitorable:** PNBHF has pivoted its strategy towards granular retail loans with an emphasis on high-yielding retail loans to drive profitability. To that extent, it has expanded its branch network by nearly 3x in the last three years to drive loan growth (retail loan book of INR1trn by Mar-27). However, branch throughput at these newly-added branches remains a key monitorable, given greater competitive intensity and the drag of opex intensity on profitability metrics.

Financial summary

(INR bn)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	FY24	FY25E	FY26E	FY27E
NII	6.9	5.9	*16.5*	6.6	*4.3*	24.8	27.3	33.8	39.9
PPOP	5.8	5.0	*16.0*	5.6	*3.6*	21.3	23.0	28.4	33.8
PAT	4.8	3.4	*42.8*	4.7	*2.9*	15.1	18.8	20.6	24.0
EPS (INR)	18.5	13.0	*42.5*	18.0	*2.8*	58.1	72.2	79.2	92.4
ROAE (%)						11.6	11.8	11.5	12.0
ROAA (%)						2.2	2.4	2.2	2.3
ABVPS (INR)						553	623	695	777
P/ABV (x)						1.6	1.4	1.3	1.2
P/E (x)						15.5	12.4	11.3	9.7

Change in estimates

INR bn	FY25E			FY26E			FY27E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
AUM	807	802	-0.6%	931	924	-0.8%	1,072	1,062	-0.9%
NIM (%)	3.5	3.5	-3 bps	3.7	3.7	1 bps	3.8	3.8	1 bps
NII	27.6	27.3	-1.2%	34.0	33.8	-0.6%	40.1	39.9	-0.5%
PPOP	23.1	23.0	-0.3%	28.4	28.4	-0.1%	34.1	33.8	-0.6%
PAT	18.1	18.8	3.7%	20.7	20.6	-0.6%	24.2	24.0	-0.7%
ABVPS (INR)	621.5	623.0	0.2%	692.9	694.6	0.2%	775.7	777.4	0.2%

Source: Company, HSIE Research

Deepak Shinde
deepak.shinde@hdfcsec.com
+91-22-6171-7323

Krishnan ASV
venkata.krishnan@hdfcsec.com
+91-22-6171-7314

Keshav Maheshwari
keshav.maheshwari@hdfcsec.com
+91-22-6171-7341

HDFC securities — Click. Invest. Grow. 20 YEARS — INSTITUTIONAL RESEARCH

IndiaMART InterMESH

Strong ARPU and margins; collections weak

BUY

CMP *(as on 21 Jan 2025)*	INR 2,295
Target Price	INR 2,730
NIFTY	23,025

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,850	INR 2,730
	FY26E	FY27E
EPS %	-2.9	-5.2

KEY STOCK DATA	
Bloomberg code	INMART IN
No. of Shares (mn)	60
MCap (INR bn) / ($ mn)	138/1,591
6m avg traded value (INR mn)	914
52 Week high / low	INR 3,199/2,165

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(8.5)	(18.0)	(10.8)
Relative (%)	(2.0)	(12.1)	(17.0)

SHAREHOLDING PATTERN (%)	Sep-24	Dec-24
Promoters	49.21	49.17
FIs & Local MFs	12.11	13.86
FPIs	23.86	21.06
Public & Others	14.82	15.91
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

IndiaMART delivered revenue growth of +1.9/16% QoQ/YoY, led by growth in blended ARPU. The revenue growth was led by ARPU growth (+3.5% QoQ); however, net paid supplier additions declined by ~ 4k, leading to a 1.8% QoQ decline in net paid subscriber base, the lowest since FY17. The churn in the silver monthly customer bucket has led to volume decline and slowed growth in cash collections (+9% YoY vs average of ~20-25%). The strong ARPU growth of ~22% YoY in top 1/top 10 percent customers and lower churn in platinum/gold customers is sustaining revenue growth. The company is trying to address the decline in net additions by 1) focusing on in-house sales engine to stop any mis-selling; 2) enhancing the quality of inquiries for sellers; 3) identifying high-churn segments and fixing them; (4) focusing on gross additions; and (5) improving renewal rates. It expects churn to stabilise in the next few quarters, leading to a recovery in paid supplier additions. The EBITDA margins improved to ~39% due to lower investments in the sales channel. We expect the margin to stabilise at ~30-35% once growth resumes. We maintain our revenue estimate but have cut our EPS estimates for FY26/27E by 3-5% as higher investments will be required to boost growth. We maintain BUY with a DCF-based TP of INR 2,730 (~29x FY27E EPS), led by revenue/EPS CAGR of 17/20% over FY24-27E.

- **Q3FY25 highlights:** (1) Q3 revenue stood at 3.54bn and gold and platinum customers contributed 75% to revenue and had no churn. (2) EBITDA margin stood at 39%, up by 30bps QoQ, led by a sequential decline of 27.3% in outsourced sales cost, but offset by a 3.8/7.6% increase in manpower/other expense. (3) For Q3, BUSY revenue increased by 7% QoQ to INR 0.16bn and EBITDA margin increased to 7% vs 0% in Q2. (4) Standalone EBITDA margin stood at 42.8% +670bps QoQ. (5) Top 1/10 supplier ARPU stood at 309/1,071K +22/22% YoY. (6) Top 10% of customers account for 49% of revenue. (7) The company has increased its stake in accounting investee companies (in Livekeeping from 51% to 66% and in Vyapar from 26% to 29%). (8) Net cash stood at INR 26bn (~19% of mcap).
- **Outlook:** We expect revenue growth of +17/16/18%, based on paid supplier growth of +0.9/5.6/6.8% and ARPU growth of +15.6/9.8/10.3% for FY25/26/27E respectively. EBITDA margin estimates stand at 37.8/35.8/34.7% for FY25/26/27E, leading to a revenue/EPS CAGR of 17/20% over FY24-27E.

Quarterly financial summary

YE March (INR mn)	3Q FY25	3Q FY24	YoY (%)	2Q FY25	QoQ (%)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	3,543	3,053	*16.1*	3,477	*1.9*	9,854	11,968	13,958	16,173	19,088
EBITDA	1,382	857	*61.3*	1,346	*2.7*	2,679	3,314	5,282	5,797	6,632
APAT	1,210	818	*47.9*	1,351	*-10.4*	2,210	3,340	4,902	5,055	5,685
EPS	19.9	13.5	*47.9*	22.3	*-10.4*	36.1	55.0	81.6	84.1	94.6
P/E (x)						63.4	41.6	28.1	27.2	24.2
EV / EBITDA (x)						43.8	35.4	21.0	17.9	14.4
RoE (%)						11.2	17.6	25.4	21.7	20.6

Change in estimates

YE March (INR mn)	FY25E Old	FY25E Revised	Change %	FY26E Old	FY26E Revised	Change %	FY27E Old	FY27E Revised	Change %
Revenue	14,022	13,958	*-0.5*	16,216	16,173	*-0.3*	19,105	19,088	*-0.1*
EBITDA	5,271	5,282	*0.2*	5,947	5,797	*-2.5*	6,995	6,632	*-5.2*
EBITDA margin(%)	37.6	37.8	25 bps	36.7	35.8	-82 bps	36.6	34.7	-187 bps
APAT	4,887	4,902	*0.3*	5,203	5,055	*-2.9*	5,994	5,685	*-5.2*
EPS (Rs)	81.3	81.6	*0.3*	86.6	84.1	*-2.9*	99.7	94.6	*-5.2*

Source: Company, HSIE Research

Amit Chandra
amit.chandra@hdfcsec.com
+91-22-6171-7345

Dhananjay Jain
dhananjay.jain@hdfcsec.com
+91-22-6171-7339

Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

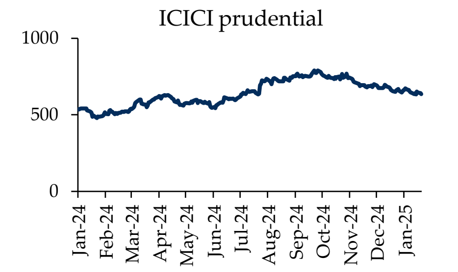
REDUCE: -10% to +5% return potential

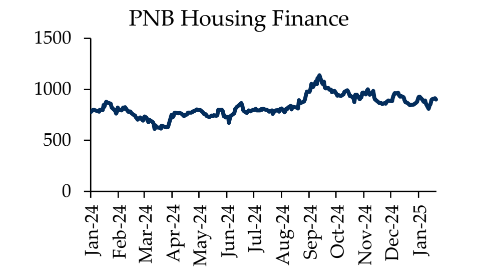
SELL: > 10% Downside return potential

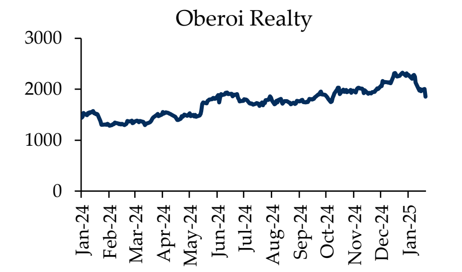
Disclosure:

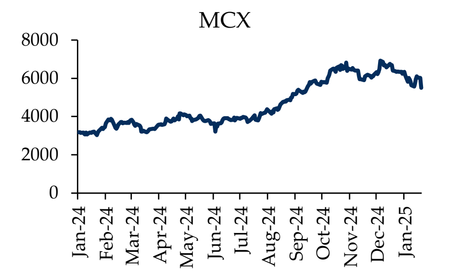
Analyst	Company Covered	Qualification	Any holding in the stock
Krishnan ASV	ICICI Prudential Life, PNB Housing Finance	PGDM	NO
Shobhit Sharma	ICICI Prudential Life	CA	NO
Parikshit Kandpal	Oberoi Realty	CFA	NO
Jay Shah	Oberoi Realty	CA	NO
Aditya Sahu	Oberoi Realty	MBA	NO
Amit Chandra	Multi Commodity Exchange, IndiaMART InterMESH	MBA	NO
Dhananjay Jain	Multi Commodity Exchange, IndiaMART InterMESH	CA	NO
Deepak Shinde	PNB Housing Finance	PGDM	NO
Keshav Maheshwari	PNB Housing Finance	CA	NO

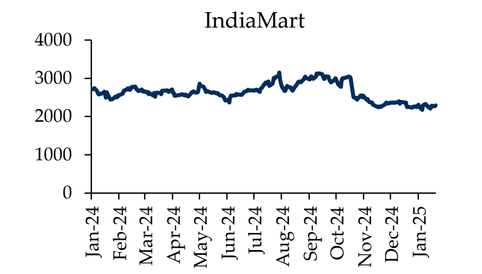
1 Yr Price movement











Disclosure:

Authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.